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FM CDA JOE DONOVAN FOR UNDER SECRETARY JOSEPH

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TAGS: [EFIN](#) [JA](#) [PARM](#) [PREL](#) [PTER](#)
SUBJECT: TOKYO SCENESETTER FOR UNDER SECRETARY JOSEPH'S
VISIT

Classified By: CDA JOE DONOVAN FOR REASONS: 1.4 b,
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¶1. (C) SUMMARY: When you arrive in Tokyo on October 16, Japan's new government will have been in office less than one month. The new PM, Shinzo Abe, held the powerful Chief Cabinet Secretary position in former PM Koizumi's government. Both Koizumi and Abe are LDP members with a conservative bent, but there are already some differences between the two in nuance. On financial sanctions, Japan will continue to be a cooperative partner. On North Korea, the GOJ will ask about U.S. plans to impose sanctions on 3 GOJ identified entities. On Iran, the GOJ will continue to press for a place at the table on Iran policy, arguing that if they are not part of the core group that develops sanctions, it will be more difficult to obtain political support at home to impose them. In all cases, GOJ officials will ask for more information on identified proliferators to increase public support for the imposition of sanctions. Finally, you have agreed to MOFA DG Nakane's invitation to hold the 10th U.S. Japan Disarmament Nonproliferation Meeting during this visit to Tokyo providing a good opportunity to revisit our request for Japan to support our civil nuclear agreement with India. END SUMMARY.

THE NEW GOVERNMENT

¶2. (SBU) Shinzo Abe is Japan's new prime minister, succeeding Junichiro Koizumi. At 53 years of age, he is Japan's youngest prime minister and the first born after the end of the Second World War. Abe's lopsided election in the Diet on September 26 was assured after his runaway victory in the ruling Liberal Democratic Party (LDP) presidential campaign two days earlier, due to the LDP's overwhelming majority in both houses. Within hours of his election as prime minister, Abe appointed a cabinet drawn largely from close associates in the LDP factions that had been most supportive of him during the party presidential race. Some criticism of those cabinet choices has begun to emerge in the press. Abe, meanwhile, has drawn criticism in some quarters for his youth and relative inexperience, despite his high-profile role as Chief Cabinet Secretary to Koizumi. He has never served in a cabinet post. That said, public opinion polls register strong support for Abe.

¶3. (SBU) The transition from Koizumi to Abe has been marked thus far by a strong measure of continuity in foreign and domestic policy. Koizumi, a hugely popular political figure in Japan, made his reputation by centralizing power within the Office of the Prime Minister (the "Kantei"), and focusing on a few key issues, such as postal privatization, structural reform, and the North Korean abduction issue. He was seen as less successful at maintaining good relations with China and Korea. Abe, too, enjoys a reputation as a reformer, although he is considered to be more conservative than his predecessor. His first week on the job has been marked by

the introduction of proposals aimed at increasing government efficiency and improving decision-making. Some, including the creation of a U.S.-style National Security Council and the creation of new senior level political appointments, are a continuation of Koizumi's efforts to shift power from the ministries to the Kantei. Whether these new political structures will achieve their goal, without alienating Japan's traditional political elite and the general public, remains to be seen.

¶4. (U) In his first policy speech to the Diet on September 29, Abe proposed an ambitious agenda that included: more assertive diplomacy; a renewed bid for a UNSC seat; improved ties with China and Korea; resolution of the DPRK abduction issue; constitutional revision; centralized decision-making within the Prime Minister's Office; fiscal belt-tightening; education reform; and a return to traditional Japanese values. He has already scheduled summits with the leaders of China and Korea for October 8 and 9, just before your arrival. Abe also emphasized the importance of advancing the U.S.-Japan alliance and implementing base realignment. Major Japanese news media focused on his promise to study the possibility of easing restrictions on exercising the right of collective self-defense in specific cases, a first for a Japanese prime minister in a policy speech. Most Japanese media described the speech as conservative and nationalistic.

¶5. (C) Abe's greatest challenge in the short term is to gain passage of several important pieces of legislation held over from the last regular Diet session before the extraordinary Diet session ends in mid-December. These include bills aimed at revising the Basic Education Law, recognizing the crime of conspiracy, and extending the operations of Japan Maritime Self-Defense Force tankers in the Indian Ocean. He will also be measured by his ability to manage the ruling coalition

with junior partner Komeito and fight off challenges from the largest opposition party, the Democratic Party of Japan (DPJ). The LDP is expecting a series of grueling battles with the DPJ in unified local elections and Upper House Diet elections in April and July of 2007. Even the rosier projections point to the ruling coalition losing seats in the Upper House. If Abe is seen as a strong leader through the elections, his future prospects are good. If the ruling coalition is broken or loses their majority, he is much more likely to be replaced.

FINANCIAL SANCTIONS

¶6. (SBU) Since Treasury Under Secretary (Terrorism and Financial Intelligence) Stuart Levey's visit to Japan on July 20th, when he engaged GOJ officials on joint financial countermeasures against the DPRK under UNSCR 1695, as well as in response to Iran's proliferation activities, bilateral cooperation on both issues has continued.

¶7. (C) On September 19, following consultations with the United States, the GOJ imposed financial sanctions on the DPRK 12 1, as well as on three additional entities identified by GOJ authorities as having imported WMD-related materials from Japan. (The Japanese exporters of the WMD-related materials are currently under investigation.) The GOJ is likely to ask about U.S. plans to impose sanctions on these three additional entities, as well as on strategies for future DPRK sanctions. They may specifically ask about U.S. plans to re-impose some of the previous trade and financial sanctions on the DPRK that the U.S. lifted in 2000, as well as further plans for engaging other members of the Six-Party talks on sanction issues.

¶8. (C) Japan is concerned about the possible effects of any sanctions levied against Iran, particularly those that would impact energy supplies, as approximately 15 percent of Japan's petroleum supplies are imported from Iran. In addition, Japan is also in the final stages of negotiations with Tehran about developing Iran's Azadegan oil fields. Although there are questions about this deal's economic viability, Japan is sensitive for political reasons to

threats made by Iran to hand it to either Russia or China. Nevertheless, Japan has firmly stated at the highest levels that international solidarity on Iranian nonproliferation is more important than economic interests. Over the past months, Japanese authorities have told a number of Iranian visitors to Tokyo (Vice President Mashay, Deputy Foreign Minister Araghashi, former President Khatami) that Iran must respect the will of the international community, deal in good faith with the IAEA, and comply with the terms of UNSCR 1696, which Japan, a current member of the Security Council, supported. As Deputy Foreign Minister Nishida recently did with U/S Burns in New York, your Japanese interlocutors are likely to question you regarding the intentions of the United States on sanctions, tell you that Japan shares in both the political and economic high stakes involved in this issue, and ask that we consult with them closely as deliberations on sanctions move forward. It is their strongly held view that any UN resolution or other multilateral action on Iran stemming from preparations that did not include Japan would be politically difficult for Japan to implement. MOF likely will ask for further explanation of the new countermeasures against Bank Saderat, specifically how they may impact the operations of Japanese banks that do business with Iran and also have offices in the United States.

¶9. (SBU) For both North Korea and Iran, the GOJ has regularly asked for additional, more detailed information from the USG on identified proliferators that can be made public to support a possible asset freeze. GOJ officials may again stress that expanded information sharing would make it easier for them to impose sanctions on specific proliferators.

¶10. (SBU) During your visit, you will meet separately with senior officials from MOF and MOFA on both North Korea and Iran, as well as with a larger interagency group including METI officials responsible for Japan's energy policy, and bank regulators from the Financial Services Agency. In July, U/S Levey followed a similar schedule, including an interagency meeting chaired by MOFA Deputy Minister Nishida. In addition, you will also meet with senior officials from Japanese banks engaged in business with Iran, who also may ask for clarification on the Saderat measures.

U.S./ JAPAN DISARMAMENT NONPROLIFERATION COMMITTEE

¶11. (SBU) You have accepted MOFA DG Nakane's invitation to hold the 10th U.S. Japan Disarmament Nonproliferation Committee meeting while in Japan. We expect Japan will want to discuss regional issues (DPRK, Iran and India). This will

be an excellent opportunity to revisit our request for Japan to support our civil nuclear agreement with India, generally and in the NSG. Japan will also want to review progress on PSI, proposals related to the nuclear energy cycle including the Standby Arrangements System for Nuclear Fuel Supply and GNEP. Japan also proposes discussion of the NPT process and Arms Control and Disarmament issues.

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